
Report to: Governance and Audit Committee

Date: 12 January 2023

Subject: **Assurance Framework Annual Review**

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1 Purpose of this report

- 1.1 To report on progress on the annual review of the Leeds City Region Local Framework which must be reviewed annually and uploaded onto the Combined Authority's and LEP's website by 28 February 2023.
- 1.2 For the Governance and Audit Committee to provide feedback on the proposed revisions to the Leeds City Region Assurance Framework.

2 Information

- 2.1 The Local Assurance Framework was developed in 2015 as part of the Growth Deal with Government and in February 2021 was updated to comply with changes arising from the West Yorkshire Devolution Deal for a Mayoral Combined Authority. Its purpose is to ensure that the necessary systems and processes are in place to manage funding effectively, and to ensure the successful delivery of the Strategic Economic Framework (SEF) and West Yorkshire Investment Strategy (WYIS) ambitions. Its focus is to ensure that necessary practices and standards are implemented to provide the Government, Combined Authority, the LEP and local partners with assurance that decisions over funding (and the means by which these decisions are implemented) are proper, transparent and deliver value for money. It covers all projects and programmes funded (revenue and capital) from Government or local sources that flow through the LEP and / or the Combined Authority.
- 2.2 The Local Assurance Framework must be reviewed annually and uploaded onto the Combined Authority's and LEP's website. The deadline for this to be completed is 28 February 2023.
- 2.3 In the period after 28 February 2022, minor changes have been made on two occasions by Written record of an officer decision (WROD):

- In June 2022 to reflect the new Adult Education Budget (AEB) delegations in Appendix 7 as approved by resolution of the Combined Authority on 17 March 2022.
 - In November 2022 to reflect the changes to the Committee Structure approved by the Combined Authority at its Annual Meeting on 23 June 2022, to update all references to the Managing Director to Chief Executive and to revise the AEB table of delegations to include Multiply, that was approved at the Combined Authority on 21 October 2022.
- 2.4 The Assurance Framework has been prepared in accordance with HM Government Local Growth National Assurance Framework guidance (September 2021) and builds on a body of existing good practice. The LEP has to comply with this guidance for the relevant funding streams, but the principles are also applied to the Combined Authority, as the accountable body for the LEP for all funding streams.
- 2.5 The Governance and Audit Committee is requested to note that no further update has been published by DLUHC with regards the Local Growth National Assurance Framework guidance since September 2021. An update is expected to be published prior to 28 February 2023 but is not expected until late November / December 2022. Any changes to Assurance Framework resulting from this update will be reflected in this year's review of the Local Assurance Framework as soon as these are available. Significant changes are not expected and therefore this year's review will focus on changes requested by Combined Authority officers, partners and LEP Board members.
- 2.6 The Combined Authority's Internal Leadership Board (ILB) have provided the following comments that will be incorporated:
- Include in the Introduction a lay persons explanation of what the Assurance Framework is.
 - Better definition of the LEPs role and the Leeds City Region.
 - Internal feedback on the Assurance Framework to be sought and incorporated as necessary.
- 2.7 The draft Assurance Framework draft has been presented to and supported by the LEP Board at its meeting on 1 December 2022. It will also be shared with Corporate Scrutiny Committee on 20 January 2023.
- 2.8 A copy of the latest draft Local Assurance Framework 2023 (with track changes) can be found at Appendix 1. The key changes to date are outlined below:
- The updates outlined in 2.3 above.
 - Branding update.
 - Section 8. The Combined Authority's approach to evaluation has been updated.

- Include in the Introduction a simple explanation of what the Assurance Framework is.

2.9 Further updates will be made based on the updated Local Growth National Assurance Framework guidance and the outcome of the committee reviews and the proposed peer review as outlined below.

Proposed Peer Review

2.10 The Local Assurance Framework continues to adopt a flexible and proportionate approach based on an assessment of risk, cost, and deliverability. For example:

- A low cost or low risk scheme may proceed from Activity 2 to Activity 4 with either a simplified business case template (business justification) or a strategic outline case.
- A programme level strategic outline case may allow individual schemes to develop a final business case only for approval.
- The Portfolio Management and Appraisal Team (PMA) work with promoters to give guidance and advice for a proportionate approach to be achieved.
- Approvals can be delegated as appropriate to shorten timescales.

2.11 Although our Assurance Framework is seen as exemplar, experience shows that flexibility and proportionality can be improved and in the current climate, we are keen to ensure improvement. Therefore, a peer review will be undertaken as follows:

- Collect the Assurance Frameworks from the other eight MCAs (completed).
- PMA to compare these Assurance Frameworks against the West Yorkshire Combined Authority's and note the similarities and differences.
- PMA to contact each PMA / PMO equivalent in each of the MCA's and discuss how theirs is working, how they would change it, what issues they have had, what is working well etc. and whether they are having the same issues and if so, what are their plans, if not why not. To begin this process, an MCA Assurance Network has been set up. The first meeting is on 24 November 2022.
- Engage with users of the Assurance Framework (Combined Authority and partners) to determine from their perspective what is working well, what issues they have, what changes they would like to see etc.
- PMA to report back their findings with recommendations so that decisions can be made as to what further work / changes are required.

2.12 It is difficult to predict what the review will recommend and therefore it is difficult to put a timescale on the review. However, it is unlikely that the review can be incorporated into the revised Assurance Framework on 28

February 2023 and therefore it is proposed the Assurance Framework will be further updated at the Combined Authority's annual meeting in June 2023.

Next Steps

- 2.13 The proposed revisions to the Assurance Framework will also be reported to the Scrutiny Committee on 20 January 2023.
- 2.14 Following Governance and Audit Committee and after the publication of the revised Local Growth National Assurance Framework guidance, the Department for Business, Energy & Industrial Strategy (BEIS) will be sent the draft Local Assurance Framework 2023 for their review.
- 2.15 The revised Assurance Framework will be reported to the Combined Authority for review and approval on 2 February 2023 with the request to delegate authority to the Combined Authority's Chief Executive in consultation with the LEP Chair and the Combined Authority Chair for final approval in case there are further changes that are needed prior to its publication.

3 Tackling the Climate Emergency Implications

- 3.1 Climate emergency benefits and implications have been embedded throughout the Assurance Framework and the related templates and guidance documents to ensure that the climate emergency is considered by all schemes that come through Assurance Framework.
- 3.2 To strengthen decision making, a robust, quantifiable methodology for assessing all new schemes predicted carbon emissions / wider clean growth impacts has been developed (carbon impact assessment tool – CIA). The CIA has been included in all business case templates and approvals will not be sought until a CIA has been completed.
- 3.3 Climate emergency benefits and implications are required to be included in all project approvals reports which ensures that the business cases evidence their climate emergency impact.

4 Inclusive Growth Implications

- 4.1 Inclusive growth implications have been embedded throughout the Assurance Framework and the related templates and guidance documents to ensure that inclusive growth is considered by all schemes that come through Assurance Framework.
- 4.2 Inclusive growth benefits and implications are required to be included in all project approvals reports which ensures that the business cases evidence their inclusive growth impact.

5 Equality and Diversity Implications

- 5.1 Equality and diversity benefits and implications have been embedded throughout the Assurance Framework and the related templates and

guidance documents to ensure that equality and diversity are considered by all schemes that come through Assurance Framework.

5.2 The recently revised and strengthened equality and diversity toolkit has been included in all business case templates and approvals will not be sought until an EqlA has been completed.

5.3 Equality and diversity benefits and implications are required to be included in all project approvals reports which ensures that the business cases evidence their equality and diversity impact (both directly and indirectly).

6 Financial Implications

6.1 The Section 73 Officer is required to write to HM Government by 28 February each year, to certify that the LEP/Combined Authority's Local Assurance Framework is compliant with the national framework.

7 Legal Implications

7.1 The Section 73 Officer is required to write to HM Government by 28 February each year, to certify that the LEP/Combined Authority's Local Assurance Framework is compliant with the national framework.

8 Staffing Implications

8.1 There are no staffing implications directly arising from this report.

9 External Consultees

9.1 No external consultations have been undertaken and reflected in the Assurance Framework at this stage.

10 Recommendations

10.1 The Governance and Audit Committee are requested to:

- i) Provide feedback on the draft updated Local Assurance Framework document.
- ii) Endorse the changes that have been made to the Local Assurance Framework, as set out in this report.

11 Background Documents

11.1 There are no background documents referenced in this report.

12 Appendices

12.1 Appendix 1: Assurance Framework 2023.